

Company Registration Number: 08656655 (England & Wales)

DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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DIOCESE OF SALISBURY ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Salisbury Diocesan Board of Education Bishop Karen Gorham Lucinda Herklots (resigned 30 November 2018) Anthony MacRow-Wood Anthony Smith Joy Tubbs
Trustees	Anthony Smith, Chair Joy Tubbs Timothy Balmforth Roland Jenkinson Harold Stephens (resigned 31 August 2018) Mark Lacey Graham Maundrell Verity McAuley (resigned 11 February 2018) Anne Millin Patrick Jarman (appointed 12 March 2018)
Company registered number	08656655
Company name	Diocese of Salisbury Academy Trust
Principal and registered office	The Diocesan Education Centre The Avenue Wilton SP2 0FG
Company secretary	Nicola Summerill
Accounting Officer	Mark Lacey
Senior management	Mark Lacey, Chief Executive Officer Daniel Parker, Finance Director Linda Rowley, Academy Improvement Director
Independent auditors	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	Lloyds Bank PLC 38 Blue Boar Row Salisbury Wiltshire SP1 1DB
Solicitors	Browne Jacobson LLP 1 Manor Court Dix's Field Exeter Devon EX1 1UP

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditor's report of the Charitable Company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Trust operates fifteen primary academies within the Diocese of Salisbury. Its academies have a combined pupil capacity of 3,384 and had a roll of 2,705 in the school census on October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Diocese of Salisbury Academy Trust (DSAT) is a charitable company limited by guarantee and an exempt charity. The Charitable Company's Memorandum of Association is the primary governing document of the Academy Trust. The Trustees of DSAT are also the directors of the Charitable Company for the purpose of company law.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

Each Member of DSAT undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

TRUSTEES' INDEMNITIES

In accordance with normal commercial practice DSAT has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

As set out in the Memorandum and Articles of Association (M&A) for DSAT, the Members of the Academy Trust are nominated by its Sponsor, the Salisbury Diocesan Board of Education (SDBE) and include the Chair of the Board of Directors. These Members then appoint further Directors/ Governors in accordance with the Articles of Association. The Board of Directors of DSAT is the overarching and statutory governing body for each Academy within the Trust.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees will depend upon their existing experience but would always include familiarisation with the work of the Trust, time with lead officers and a chance to meet staff and pupils in some of our academies. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

ORGANISATIONAL STRUCTURE

The Board of Trustees normally meets six times per year. The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are four committees as follows:

- Resources Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting and drafting the annual budget including setting staffing levels;
- Standards Committee - this meets three times per year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment and relevant pastoral issues;
- Audit Committee – this meets three times per year to review internal controls, receive internal and external audit reports and to maintain an overview of the risk register and;
- Remuneration Committee – this meets annually to approve pay recommendations for Headteachers and other senior leaders.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Chief Executive and Senior Leadership Team (SLT). The SLT comprises the Chief Executive, Finance Director and Academy Improvement Director.

The governance functions and authorities within the Trust are detailed in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Chief Executive and Headteachers are responsible for the appointment of staff, via appointment panels which is outlined in the Scheme of Delegation.

The Academy Trust comprises fifteen primary schools; each has its own Local Governing Board. Their responsibilities are outlined in the Scheme of Delegation. The Chairs of each LGB meet regularly with the Chair of the Trust Board.

The CEO is the Accounting Officer.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION FOR KEY MANAGEMENT PERSONNEL

The Trustees consider the Board of Trustees and the SLT comprise the key management personnel of DSAT in charge of directing and controlling, running and operating the Academy Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size. The benchmark is the mid-point of the range paid for similar roles adjusting for any additional responsibilities.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

TRADE UNION FACILITY TIME

There were no trade union officials employed by the Trust in the year.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Trust is connected to the Principal Sponsor of the Academy Trust; the Salisbury Diocesan Board of Education (SDBE), who appoint the Members and a majority of Trustees. The SDBE provide services to all schools within the Diocese, including those within DSAT.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Company's objects are specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:
- Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the SDBE; and
- other Academies with or without a designated religious character; and
- in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

The principal object and activity of DSAT is to provide excellent education for all pupils within its care.

DSAT's vision statement is:

'Beyond expectations for all of God's children'

Our vision is for the growth of thriving Christian learning communities, providing everyone with the opportunity to achieve more than they ever thought possible. Christian service is at the heart of all we do, as we help young people to develop excitement in learning and to live life to the full. We value everyone equally and demonstrate this through our words, actions, community life and the quality of the opportunities we provide.

Children at the heart of all we do

Our young people will be inspired to develop academically and spiritually, aspiring beyond their own and others' expectations.

Faithfulness to our Christian tradition

We put God's love into action through our values of love, reconciliation, hope, forgiveness, peace, grace, justice and joy. Working with our parishes and communities, we encourage an understanding of the significance of faith through teaching, worship and prayer.

Striving for excellence

We love learning and are passionate about the high standards we can achieve in all aspects of life.

Collaboration

We build strong partnerships, learning with and from others as we challenge ourselves to reach new heights. We give of our best and expect the best from one another.

Celebrating success

We celebrate the achievements of every individual and share our successes widely.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

OBJECTIVES, STRATEGIES AND ACTIVITIES

Strategic Aim 1: Outcomes

All Academies are enabled to reach good or better outcomes.

- a. To improve standards in Reading, Writing and Mathematics so that year-on-year more pupils achieve and exceed age-related expectations, and progress exceeds that made by pupils with similar starting points;
- b. To secure high quality teaching and learning of a rich and broad curriculum in each Academy;
- c. To ensure that groups at risk of underachieving make good or better progress as required; and
- d. To strengthen the Christian distinctiveness of our church academies.

Strategic Aim 2: School Improvement

To establish a self-sustaining, system-led, collaborative approach to improvement that enables rapid improvement where required;

- a. To secure an accurate and robust self-evaluation process;
- b. To develop school-to-school support; and
- c. To build links with Teaching Schools and training providers.

Strategic Aim 3: Leadership

To ensure high quality leadership and governance at Trust Board, Hub / Local Governing Board and Academy level.

- a. To develop a fully-functioning, high-level Trust Board that represents the full range of skills required;
- b. To embed high quality governance at the Hub and Local Governing Board level, focused clearly on raising standards; and
- c. To empower leaders to lead the improvement journey within and beyond their academies, holding to account for outcomes.

Strategic Aim 4: Business

To strengthen the Trust by incorporating new academies and ensuring future sustainability;

- a. To maintain measured and systematic growth;
- b. To deliver high quality services to academies;
- c. To develop the structure of the organisation; and
- d. To deliver a strong financial plan.

Full details of the Strategic Plan are published on the Trust's website.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit, education in the Diocese of Salisbury. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad and balanced curriculum.

The Academy Trust has taken in Schools in a range of contexts, including a number who have previously struggled academically and financially.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

STRATEGIC REPORT

ACHIEVEMENT AND PERFORMANCE

- A number of our Academies received positive monitoring visits from Education Advisors within the Regional Schools Commissioner's office;
- The Trinity CE Primary Academy had a successful OFSTED inspection and was judged to be outstanding in Statutory Inspection of Anglican and Methodist Schools (SIAMS);
- Southbroom St James has been judged to be 'good' by OFSTED in September 2018;
- Marden Vale received a challenging inspection outcome, but significant steps have been made to move things forward;
- Outcomes at Early Years Foundation Stage (EYFS) have improved and are broadly in line with the national average overall;
- Y1 phonics check results now place the Trust in line with national averages;
- There have been improvements at Key Stage 1 but across the whole Trust, there is a need to bring outcomes closer to national levels;
- At Key Stage 2, average scaled scores increased in each area and a number of schools made significant improvements on previous years. However, a number of schools were still below the national average and progress figures need to accelerate further in future years;
- Evidence from on-going teacher assessments demonstrate that gaps are closing for disadvantaged children in areas within the Trust – there is still much to do in this regard and there is a significant focus on this in training and provision at the current time;
- The quality of teaching and learning across the Trust is improving through the work of senior leaders and the improvement team – this remains a priority as we look to secure stronger outcomes in the future;
- The culture of delivering higher expectations is becoming embedded although there is evidence from data that teachers need to raise expectations further;
- Peer-to-peer evaluation across our Academies is now embedded in practice;
- Development of Hub organisation within the Trust;
- New presumption free school opened September 2018 at St Peter's, Salisbury;
- Further developed programme of joint practice development, especially in relation to middle and senior leaders;
- Training with LGBs and External Reviews of Governance providing clearer direction for developing governance;
- A successful bid from the MAT Development Improvement Fund is enabling the Trust to move forward with standardised assessment and other leadership development projects;
- Future financial planning is much more secure but against a backdrop of significant financial challenges in the system currently; and
- Development of the Hub Business Manager roles which has enabled a more effective provision of services.

KEY PERFORMANCE INDICATORS

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review, £263,360 was carried forward representing 2.8% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2018 were 2,705, an increase of 458 over 2017. It is anticipated that this number will continue to rise, particularly given the new school that the Trust has just opened.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2018 this was 76.7%, compared to 74.8% in 2017.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

GOING CONCERN

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

FINANCIAL REVIEW

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the year ended 31 August 2018, the Academy Trust received total income of £12,085,333 and incurred total expenditure of £13,356,778 excluding restricted fixed asset fund. The excess of expenditure over income for the year was £1,271,455 however this includes pension charges, CIF income and expenditure and therefore the underlying operational performance for the year is shown in the following table:

Revenue funds

	Unrestricted	Restricted	Total
	£	£	£
Revenue income as reported	677,855	11,407,478	12,085,333
Add/(deduct) transfers on conversion	(132,517)	721,000	588,483
Deduct start up grants	-	(95,000)	(95,000)
Deduct CIF income	-	(321,231)	(321,231)
Operating revenue income	545,338	11,712,247	12,257,585
Revenue expenditure as reported	447,196	12,909,582	13,356,778
Add LGPS Pension 'costs'	-	(683,000)	(683,000)
Add back start up grant expenditure	-	(78,416)	(78,416)
Add back CIF expenditure	-	(524,895)	(524,895)
Operating revenue expenditure	447,196	11,623,271	12,070,467
Operating revenue surplus/(deficit)	98,142	88,976	187,118

At 31 August 2018 the net book value of fixed assets was £466,051 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust. Assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the new joiners' budget share (£132,517) was transferred across on conversion and is shown as Unrestricted Funds.

The Academy Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Key financial policies reviewed during the year include the Finance Manual which lays out the framework for financial management, including financial responsibilities of the Board, officers, Headteachers, managers, budget holders and other staff, as well as delegated authority for spending.

RESERVES POLICY

The Trust published a new Reserves Policy in October 2017.

1. Individual academies within the Trust are expected to set a balanced budget each year;
2. The Board, CEO and FD will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other source of funding before using resources and evaluation of the time period that the funds will be required and replenished;
3. LGBs can request the Trust Board for access to reserves for a specific purpose but it is up to the Board whether requests are granted as they have the responsibility of securing the financial stability of the Trust as a whole. Uses that will be considered include, but are not limited to;
 - Contribution to in year budget deficits arising from changes in pupil numbers;
 - Contribution to capital projects;
 - Investment in future educational initiatives;
 - In the event of an academy requesting to access more than their identified share of the reserves the Board may approve the use of other reserves subject to an agreed repayment plan; and
 - Authorisation to use reserves of any kind will be reported to the Resources Committee and the authorisation approved prior to the use of reserves.

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately equivalent to one month of operating expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Total reserves of the Trust amount to £1,775,984 (excluding the pension reserve) although £975,615 (representing £712,255 unrestricted funds and £263,360 unspent GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy. Free reserves will continue to be increased over coming years to meet this minimum target.

The local government defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be eliminated immediately, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

INVESTMENT POLICY

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the CEO and Finance Director within strict guidelines approved by the Board of Trustees.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing DSAT are as follows:

Financial - the Academy Trust has considerable reliance on continued Government funding through the ESFA. In the last year 91.6% of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Trust is dependent on continuing to attract pupil numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy Trust has appointed an Internal Assurance Reviewer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trust has agreed a Risk Register with associated actions to mitigate against those risks. These have been discussed by Trustees and include the financial risks to the Academy Trust. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Resources Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy Trust had no significant liabilities arising from trade creditors or debtors that have had a significant effect on liquidity.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

FUNDRAISING

The Trust is open to fundraising opportunities but will only do so where this conforms to recognised standards. The Trust applies for grants from government sources and other recognised Trusts and bodies. Each school is also encouraged to have its own Parent Teaching Association or 'Friends of' Group.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy Trust will continue to work with its strategic partners to improve the educational opportunities for pupils in the wider community.

The Academy Trust will seek to sponsor additional schools and also allow voluntary converters to join DSAT from both the primary and secondary sectors. Allowing voluntary schools to join is fundamental to the ethos of the Academy Trust in collaboration and sharing best practice.

Following the notification of a successful capital funding bid, DSAT will move towards expanding the capacity of St Bartholomew's Primary Academy opening in September 2020. The growth plan for the new school at St Peter's will also continue.

Full details of our plans for the future are given in our Strategic Plan, which is available on the Trust's website.

FUNDS HELD AS CUSTODIAN

The Academy Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy;
- Volunteers' Policy; and
- Health & Safety Policy.

In accordance with the Academy Trust's Equal Opportunities Policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2018 and signed on its behalf by:



Anthony Smith
Chair of Trustees

**DIOCESE OF SALISBURY ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Diocese of Salisbury Academy Trust (DSAT) has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, (CEO) as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Diocese of Salisbury Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Anthony Smith, Chair	6	6
Joy Tubbs	4	6
Timothy Balmforth	6	6
Roland Jenkinson	4	6
Harold Stephens	5	6
Mark Lacey	6	6
Graham Maundrell	4	6
Verity McAuley	1	3
Anne Millin	6	6
Patrick Jarman	2	3

Membership of the Trust Board has been stable during the year. The Board has continued to focus its work on the academic and financial performance of its academies, seeking to ensure that children are able to succeed. The Board has received praise in a number inspection reports although there are examples of some schools that still require significant input and support after joining the Trust.

The Board receives detailed performance data from the CEO, Academy Improvement Director and Finance Director, such that it is able to identify areas of concern accurately, learn from best practice and foresee challenges ahead.

The Board has carried out its own on-going review of governance during the year. Its internal processes and systems are working effectively and it holds officers and schools to account for performance. Individual reviews of governance have been carried out in a number of its Academies and actions have been put into place where improvements can be made. The Board is currently looking to recruit new members for the 2018-19 year as some existing Trustees are coming to the end of their term and there is a need to further strengthen the skillset of the existing Board. A more detailed review of governance is planned during 2018-19.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee the Trust's finances and ensure the effective deployment of resources. During the year Patrick Jarman joined the Committee.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Joy Tubbs	1	3
Verity McAuley	1	2
Graham Maundrell	3	3
Patrick Jarman	1	1
Mark Lacey	2	3

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor and evaluate the internal systems and processes that operate within the Trust and to maintain an overview of the Risk Register.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Anthony Smith, Chair	3	3
Harold Stephens	3	3
Mark Lacey	3	3
Michael Armstrong (co-opted member)	3	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Robust financial governance and budget management;
- Value for money purchasing through procurement exercises across the Trust;
- Reviewing controls and managing risk;
- Considering allocation/targeting/use of resources;
- Not allocating time/resources to areas where few improvements can be achieved;
- Making comparisons with similar Academies using data provided by the ESFA and the Government;
- Challenging proposals and examining their effectiveness and efficiency;
- Deploying staff effectively;
- Reviewing quality of curriculum provision and quality of teaching;
- Reviewing quality of children's learning to enable children to achieve nationally expected progress; and
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Diocese of Salisbury Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Bishop Fleming Bath Limited, the external auditor, to perform additional checks. Their role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The checks in the current period were completed by our previous auditors, Mazars LLP. In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems; and
- Testing of control account/bank account reconciliations.

On a quarterly basis, the reviewer reports to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal assurance work has been delivered in accordance with the schedule of work as planned. There were no material control issues arising as a result of the internal auditor's work. A number of minor changes have been made to processes and systems for bank reconciliations, purchase ordering and record-keeping to ensure that high standards are met.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the internal assurance work;
- scrutiny by the Trust Board and its committees; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on their behalf, by:



Anthony Smith
Chair of Trustees



Mark Lacey
Accounting Officer

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Diocese of Salisbury Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Mark Lacey
Accounting Officer

Date: 5 December 2018

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**Anthony Smith
Chair of Trustees**

Date: 5 December 2018

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DIOCESE OF SALISBURY ACADEMY TRUST**

OPINION

We have audited the financial statements of Diocese of Salisbury Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DIOCESE OF SALISBURY ACADEMY TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DIOCESE OF SALISBURY ACADEMY TRUST**

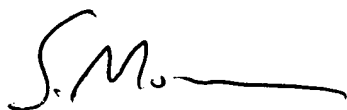
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Morrison FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

20/12/2018

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DIOCESE OF SALISBURY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Diocese of Salisbury Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Diocese of Salisbury Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Diocese of Salisbury Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Diocese of Salisbury Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIOCESE OF SALISBURY ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of the Diocese of Salisbury Academy Trust's funding agreement with the Secretary of State for Education dated 28 January 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DIOCESE OF
SALISBURY ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: 20/12/2018

DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	173,302	(249,802)	200,000	123,500	(1,847,473)
Charitable activities	3	344,059	11,656,759	-	12,000,818	9,343,034
Other trading activities	4	159,748	521	-	160,269	205,882
Investments	5	746	-	-	746	2,226
TOTAL INCOME		677,855	11,407,478	200,000	12,285,333	7,703,669
EXPENDITURE ON:						
Charitable activities		447,196	12,909,582	28,385	13,385,163	9,126,130
TOTAL EXPENDITURE	6	447,196	12,909,582	28,385	13,385,163	9,126,130
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	230,659	(1,502,104)	171,615	(1,099,830)	(1,422,461)
		-	(118,056)	118,056	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		230,659	(1,620,160)	289,671	(1,099,830)	(1,422,461)
Actuarial gains on defined benefit pension schemes	23	-	1,284,000	-	1,284,000	604,000
NET MOVEMENT IN FUNDS		230,659	(336,160)	289,671	184,170	(818,461)
RECONCILIATION OF FUNDS:						
Total funds brought forward		481,596	(3,753,162)	176,380	(3,095,186)	(2,276,725)
TOTAL FUNDS CARRIED FORWARD		712,255	(4,089,322)	466,051	(2,911,016)	(3,095,186)

The notes on pages 26 to 50 form part of these financial statements.

DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08656655

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	As restated 2017 £
FIXED ASSETS					
Tangible assets	14		466,051		259,667
CURRENT ASSETS					
Debtors	15	957,004		1,168,624	
Cash at bank and in hand		1,330,600		773,427	
		2,287,604		1,942,051	
CREDITORS: amounts falling due within one year	16	(976,671)		(728,904)	
NET CURRENT ASSETS			1,310,933		1,213,147
TOTAL ASSETS LESS CURRENT LIABILITIES			1,776,984		1,472,814
Defined benefit pension scheme liability	23		(4,688,000)		(4,568,000)
NET ASSETS			(2,911,016)		(3,095,186)
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	18	598,678		814,838	
Fixed asset funds	18	466,051		176,380	
Restricted funds excluding pension liability		1,064,729		991,218	
Pension reserve		(4,688,000)		(4,568,000)	
Total restricted funds			(3,623,271)		(3,576,782)
Unrestricted funds	18		712,255		481,596
TOTAL DEFICIT			(2,911,016)		(3,095,186)

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:



Anthony Smith
Chair of Trustees

The notes on pages 26 to 50 form part of these financial statements.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

		2018	As restated
	Note	£	2017
			£
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	591,205	(6,039)
Cash flows from investing activities:			
Interest received		746	2,226
Purchase of tangible fixed assets		(234,778)	(186,208)
Capital grants from DfE/ESFA		200,000	-
Net cash used in investing activities		(34,032)	(183,982)
Change in cash and cash equivalents in the year		557,173	(190,021)
Cash and cash equivalents brought forward		773,427	963,448
Cash and cash equivalents carried forward	21	1,330,600	773,427

The notes on pages 26 to 50 form part of these financial statements.

DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Diocese of Salisbury Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements

At the year end the Trust had net liabilities of £2,911,016 (2017: £3,095,186). This includes a provision for obligations arising under defined benefit pension schemes of £4,688,000 (2017: £4,568,000). This provision is not expected to become wholly payable for the foreseeable future. At 31 August 2018 the Trust had funds carried forward (excluding restricted fixed asset and pension funds) of £1,310,933 (2017: £1,296,434).

The Trustees therefore have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Where grants are received for the improvement of land and buildings owned by the Diocese of Salisbury this income is recognised within restricted funds. Unspent amounts of capital grant are reflected in the balance in the relevant fund.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	10% straight line
Office equipment	-	20% straight line
Computer equipment	-	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.7 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 PENSIONS

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**DIOCESE OF SALISBURY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Under the Church Supplemental Agreement between the Academy Trust and the Salisbury Diocesan Board of Education the Academy Trust is given rent free use of certain land and buildings. The Academy Accounts Direction requires that an appropriate notional donation of rent is recognised in the financial statements. The rent has been estimated based on the rateable value of the land and buildings.

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Donations	173,302	(249,802)	(76,500)	(1,847,473)
Capital Grants	-	200,000	200,000	-
	<u>173,302</u>	<u>(49,802)</u>	<u>123,500</u>	<u>(1,847,473)</u>
Total 2017	<u>381,527</u>	<u>(2,229,000)</u>	<u>(1,847,473)</u>	

Donations include inherited assets on conversion as schools join the Academy Trust. Included in the inherited assets are LGPS pension deficits of £721,000 (2017: £2,299,000)

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Education	151,192	11,656,759	11,807,951	9,343,034
Nursery	192,867	-	192,867	-
	<u>344,059</u>	<u>11,656,759</u>	<u>12,000,818</u>	<u>9,343,034</u>
Total 2017	<u>718,893</u>	<u>8,624,141</u>	<u>9,343,034</u>	

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	9,224,549	9,224,549	7,053,084
Start up Grants	-	95,000	95,000	303,667
Other DfE/ESFA grants	-	1,853,689	1,853,689	1,163,357
	-	11,173,238	11,173,238	8,520,108
Other Government grants				
High Needs	-	394,535	394,535	136,378
Other government grants non capital	-	88,986	88,986	104,033
	-	483,521	483,521	240,411
Other funding				
Other income	88,961	-	88,961	582,515
Catering income	62,231	-	62,231	-
	151,192	-	151,192	582,515
	151,192	11,656,759	11,807,951	9,343,034
Total 2017	718,893	8,624,141	9,343,034	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Lettings	43,217	-	43,217	14,291
Catering income	-	-	-	93,916
Consultancy	34,925	-	34,925	-
Fees received	81,606	-	81,606	8,582
Other	-	521	521	89,093
	159,748	521	160,269	205,882
Total 2017	205,882	-	205,882	

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Bank interest	746	-	746	2,226
Total 2017	2,226	-	2,226	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	As restated 2017 £
Education:					
Direct costs	8,163,936	-	861,005	9,024,941	6,335,793
Support costs	1,805,951	497,389	2,056,882	4,360,222	2,790,337
	9,969,887	497,389	2,917,887	13,385,163	9,126,130
As restated Total 2017	6,536,601	468,418	2,121,111	9,126,130	

7. DIRECT COSTS

	Total 2018 £	As restated Total 2017 £
Pension finance costs	119,000	64,000
Educational supplies	491,906	262,932
Staff development	49,761	54,128
Other costs	150,720	293,168
Supply teachers	226,162	211,257
Technology costs	24,427	58,074
Educational consultancy	25,191	17,841
Wages and salaries	6,021,143	4,061,546
National insurance	534,449	329,684
Pension cost	1,382,182	983,163
	9,024,941	6,335,793
Total 2017	6,335,793	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. SUPPORT COSTS

	Total 2018 £	As restated Total 2017 £
Other costs	36,269	86,839
Supply staff costs	15,551	-
Recruitment and support	35,202	-
Maintenance of premises and equipment	186,797	165,695
Cleaning	61,800	56,469
Rent and rates	315,325	-
Energy costs	139,216	139,773
Insurance	116,945	97,928
Security and transport	26,235	2,255
Catering	340,057	129,748
Technology costs	134,307	103,741
Office overheads	164,040	340,951
Legal and professional	393,346	279,645
Bank charges	254	1,031
CIF expenditure	524,895	388,778
Governance	37,472	29,479
Wages and salaries	1,272,561	757,291
National insurance	51,699	40,670
Pension cost	479,866	152,990
Depreciation	28,385	17,054
	<u>4,360,222</u>	<u>2,790,337</u>
Total 2017	<u>2,790,337</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	As restated 2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	28,394	17,055
Auditors' remuneration - audit	13,000	12,835
Auditors' remuneration - other services	3,600	8,159
Operating lease rentals	<u>9,079</u>	<u>6,090</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	7,282,185	4,818,837
Social security costs	586,148	370,354
Operating costs of defined benefit pension schemes	1,862,048	1,136,153
	<u>9,730,381</u>	<u>6,325,344</u>
Supply teacher costs	227,987	211,257
Staff restructuring costs	11,519	-
	<u>9,969,887</u>	<u>6,536,601</u>

b. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teaching	102	71
Admin	146	98
Management	13	8
	<u>261</u>	<u>177</u>

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	5	4
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	1	1

The above employees participated in the Teacher's Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2018, pension contributions for those staff amounted to £125,343.

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £221,790 (2017: £207,795).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Financial services
- Legal services
- Human resources
- Education support services
- Governance support services
- Health and safety services
- Safeguarding service
- Other services as arising

The Academy Trust charges for these services on the following basis:

The Academy Trust charge is based on 5% of GAG income and the actual amounts charged during the year were as follows:

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Southbroom St James	54,456	35,422
Beaminster St Marys	26,948	28,936
Dunbury	22,948	23,764
Whitesheet	14,112	14,380
St Bartholomew's	60,054	59,464
The Trinity	21,450	34,176
Marden Vale	53,460	59,220
St John's	44,808	7,761
Trent Young's	25,176	14,794
St Andrew's	55,032	9,552
Beechcroft St Pauls	40,861	3,618
Shrewton	23,400	12,030
Milldown	3,761	-
Wilton	3,180	-
Total	<u>449,646</u>	<u>303,117</u>

DIOCESE OF SALISBURY ACADEMY TRUST
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12. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 1 Trustee (2017: 1) in respect of defined benefit pension schemes.

One Trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment, and not in respect of their role as a Trustee. The value of Trustees' remuneration and other benefits was as follows: M Lacey Remuneration £85,000 - £90,000 (2017: £80,000 - £85,000), Employers Pension Contribution £10,000 - £15,000 (2017: £10,000 - £15,000).

During the year ended 31 August 2018, expenses totalling £2,944 (2017: £4,650) were reimbursed to 4 Trustees (2017: 4).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. It is not possible to quantify the Trustees and offices indemnity element from the overall cost of the RPA scheme.

14. TANGIBLE FIXED ASSETS

	Furniture and fixtures £	Plant and equipment £	Total £
COST			
As restated			
At 1 September 2017	227,569	68,115	295,684
Additions	166,511	68,267	234,778
At 31 August 2018	394,080	136,382	530,462
DEPRECIATION			
As restated			
At 1 September 2017	26,872	9,145	36,017
Charge for the year	17,794	10,600	28,394
At 31 August 2018	44,666	19,745	64,411
NET BOOK VALUE			
At 31 August 2018	349,414	116,637	466,051
As restated			
At 31 August 2017	200,697	58,970	259,667

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NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

	2018 £	As restated 2017 £
Trade debtors	19,364	22,934
Other debtors	91,761	115,978
Prepayments and accrued income	845,879	1,029,712
	<u>957,004</u>	<u>1,168,624</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	As restated 2017 £
Trade creditors	392,435	202,721
Other taxation and social security	165,724	125,405
Other creditors	22,347	5,016
Accruals and deferred income	396,165	395,762
	<u>976,671</u>	<u>728,904</u>

	2018 £	As restated 2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	247,424	456,489
Resources deferred during the year	238,174	247,424
Amounts released from previous years	(247,424)	(456,489)
Deferred income at 31 August 2018	<u>238,174</u>	<u>247,424</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for government grants received relating to the following financial year as well as money received for trips taking place in the 2018/19 academic year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. FINANCIAL INSTRUMENTS

	2018 £	As restated 2017 £
Financial assets measured at fair value through income and expenditure	1,326,269	773,427
Financial assets measured at amortised cost	329,018	248,138
	<u>1,655,287</u>	<u>1,021,565</u>
Financial liabilities measured at amortised cost	<u>(481,390)</u>	<u>(356,075)</u>

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

18. STATEMENT OF FUNDS

	Balance at 1 September 2017 As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General funds	481,596	677,855	(447,196)	-	-	712,255
RESTRICTED FUNDS						
General Annual Grant (GAG)	292,710	9,225,067	(9,136,361)	(118,056)	-	263,360
CIF income	400,133	321,231	(524,895)	-	-	196,469
Pupil premium	-	797,695	(797,695)	-	-	-
Start up grant	121,995	95,000	(78,146)	-	-	138,849
Devolved formula capital	-	73,841	(73,841)	-	-	-
UIFSM income	-	212,819	(212,819)	-	-	-
Other ESFA/DfE income	-	448,103	(448,103)	-	-	-
High needs income	-	394,535	(394,535)	-	-	-
Other government grants	-	88,986	(88,986)	-	-	-
Trip income	-	123,933	(123,933)	-	-	-
Donations	-	256,747	(256,747)	-	-	-
Other restricted income	-	90,521	(90,521)	-	-	-
Pension reserve	(4,568,000)	(721,000)	(683,000)	-	1,284,000	(4,688,000)
	<u>(3,753,162)</u>	<u>11,407,478</u>	<u>(12,909,582)</u>	<u>(118,056)</u>	<u>1,284,000</u>	<u>(4,089,322)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Restricted Fixed Asset Funds	176,380	-	(28,385)	118,056	-	266,051
Local Authority capital grant	-	200,000	-	-	-	200,000
	<u>176,380</u>	<u>200,000</u>	<u>(28,385)</u>	<u>118,056</u>	<u>-</u>	<u>466,051</u>
Total restricted funds	<u>(3,576,782)</u>	<u>11,607,478</u>	<u>(12,937,967)</u>	<u>-</u>	<u>1,284,000</u>	<u>(3,623,271)</u>
Total of funds	<u>(3,095,186)</u>	<u>12,285,333</u>	<u>(13,385,163)</u>	<u>-</u>	<u>1,284,000</u>	<u>(2,911,016)</u>

The specific purposes for which the funds are to be applied are as follows:

The General Annual Grant (GAG) represents funding received from the ESFA during the period in order to fund the continuing activities of the Academy Trust.

Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy Trust to address the current underlying inequalities between those children and their wealthier peers.

Start up grant represents grants received for the DfE to assist with the conversion of schools to Academy status to join the Trust in the future.

Universal infant free school meals represents money received from the ESFA for the provision of free school meals to all reception and key stage one pupils.

High needs income represents funding received by the Local Authority to fund further support for students with additional needs.

Trip income represents income received from parents for children to be able to attend school trips.

Other restricted income includes funding received for tuition fees, income received in relation to school lockers and other restricted donations.

CIF income- these are funds received for direct expenditure on improvement to Diocese land and buildings.

Local Authority capital income represents funding received from Wiltshire Council to acquire fixtures and fittings for St Peter's school, which opened on 1 September 2018.

Pension fund - This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	As restated Total 2017 £
Southbroom St James	151,839	35,423
Beaminster St Mary's	41,898	46,187
Dunbury	(57,948)	(8,775)
Whitesheet	(94,781)	(122,498)
St Bartholomew's	88,216	83,862
The Trinity	165,201	145,295
Marden Vale	42,853	40,784
St John's	142,352	155,580
St Andrew's	54,347	94,616
Beechcroft St Paul's	71,883	62,151
Shrewton	162,713	138,785
Milldown	21,550	-
Wilton	120,806	-
Trent Youngs	-	(301)
Central services	203,535	225,192
CIF funding	196,469	400,133
Total before fixed asset fund and pension reserve	<u>1,310,933</u>	<u>1,296,434</u>
Restricted fixed asset fund	466,051	176,380
Pension reserve	(4,688,000)	(4,568,000)
Total	<u><u>(2,911,016)</u></u>	<u><u>(3,095,186)</u></u>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Whitesheet	(94,781)
Dunbury	(57,948)

The deficit in Whitesheet is as a result of a historic significant reduction in pupil numbers at this small school.

The Academy Trust is taking the following action to return the academies to surplus:

A series of detailed financial reviews with all Academies is ongoing to achieve modest surpluses and financial sustainability in the medium term. Restructuring has taken place at a number of Academies to reduce staff costs for future years. Whitesheet and Dunbury are seeking to improve financial sustainability through a combined strategy of increased pupil numbers via local targetted marketing and efficient use of resources.

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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	As restated Total 2017 £
Southbroom St James	589,701	141,068	46,824	238,739	1,016,332	1,102,153
Beaminster St Marys	431,362	74,518	25,212	146,599	677,691	675,354
Dunbury	316,434	123,964	18,040	128,334	586,772	552,989
Whitesheet	206,501	31,639	11,054	97,702	346,896	361,343
St Bartholomew's	962,661	103,167	67,326	338,067	1,471,221	1,366,586
The Trinity	573,647	99,125	50,530	215,716	939,018	845,723
Marden Vale	1,088,636	215,334	57,409	409,788	1,771,167	1,655,014
St John's	747,470	191,464	37,372	230,910	1,207,216	181,360
St Andrew's	954,924	169,099	41,783	300,582	1,466,388	277,580
Beechcroft St Pauls	768,072	167,357	43,757	189,792	1,168,978	87,287
Shrewton	319,615	51,148	29,955	141,233	541,951	260,429
Milldown	56,189	11,029	790	5,732	73,740	-
Wilton	41,428	12,253	182	2,189	56,052	-
Trent Youngs	390,737	60,259	23,464	148,163	622,623	352,354
Central services	389,559	115,702	436	375,899	881,596	1,002,079
CIF funding	-	-	-	524,895	524,895	-
	<u>7,836,936</u>	<u>1,567,126</u>	<u>454,134</u>	<u>3,494,340</u>	<u>13,352,536</u>	<u>8,720,251</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 As restated £
GENERAL FUNDS						
General funds	131,493	589,635	(239,532)	-	-	481,596

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	98,268	7,053,084	(6,755,721)	(102,921)	-	292,710
CIF income	-	788,911	(388,778)	-	-	400,133
Start up grant	-	303,667	(181,672)	-	-	121,995
Devolved formula capital	-	114,758	(114,758)	-	-	-
UIFSM income	-	158,979	(158,979)	-	-	-
Other ESFA/DfE income	-	100,709	(100,709)	-	-	-
High needs income	-	136,378	(136,378)	-	-	-
Other government grants	-	98,946	(98,946)	-	-	-
Other restricted income	-	587,602	(587,602)	-	-	-
Pension reserve	(2,597,000)	(2,229,000)	(346,000)	-	604,000	(4,568,000)
	<u>(2,498,732)</u>	<u>7,114,034</u>	<u>(8,869,543)</u>	<u>(102,921)</u>	<u>604,000</u>	<u>(3,753,162)</u>

RESTRICTED FIXED ASSET FUNDS

Restricted Fixed Asset Funds	101,852	-	(28,393)	102,921	-	176,380
Total of funds	<u>(2,265,387)</u>	<u>7,703,669</u>	<u>(9,137,468)</u>	<u>-</u>	<u>604,000</u>	<u>(3,095,186)</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	466,051	466,051
Current assets	712,255	1,575,349	-	2,287,604
Creditors due within one year	-	(976,671)	-	(976,671)
Provisions for liabilities and charges	-	(4,688,000)	-	(4,688,000)
	<u>712,255</u>	<u>(4,089,322)</u>	<u>466,051</u>	<u>(2,911,016)</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	176,380	176,380
Current assets	481,596	1,821,501	-	2,303,097
Creditors due within one year	-	(1,006,663)	-	(1,006,663)
Provisions for liabilities and charges	-	(4,568,000)	-	(4,568,000)
	<u>481,596</u>	<u>(3,753,162)</u>	<u>176,380</u>	<u>(3,095,186)</u>

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,099,830)	(1,422,461)
Adjustment for:		
Depreciation charges	28,394	17,055
Interest paid	(746)	(2,226)
Decrease/(increase) in debtors	211,620	(573,978)
Increase/(decrease) in creditors	247,767	(599,429)
Capital grants from DfE and other capital income	(200,000)	-
Defined benefit pension scheme finance cost	683,000	346,000
Net gain on assets and liabilities from local authority on conversion	721,000	2,229,000
Net cash provided by/(used in) operating activities	591,205	(6,039)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	1,330,600	773,427
	1,330,600	773,427

22. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	-	342,846

NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset Council and Wiltshire Council. Both are multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £721,774 (2017: £461,521).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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23. PENSION COMMITMENTS (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £699,000 (2017: £489,000), of which employer's contributions totalled £554,000 (2017: £392,000) and employees' contributions totalled £145,000 (2017: £97,000). The agreed employee contribution rates for future years are 18.8% for Wiltshire and 24.2% for Dorset.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.50 %
Rate of increase in salaries	3.50 %	2.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2018	2017
Retiring today		
Males	23.7 years	22.5 years
Females	25.8 years	24.9 years
Retiring in 20 years		
Males	25.8 years	24.1 years
Females	27.9 years	26.7 years

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23. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	4,151,000	3,111,000
Corporate bonds	1,478,000	1,061,000
Property	764,000	548,000
Other	100,000	117,000
Total market value of assets	6,493,000	4,837,000

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(1,118,000)	(670,000)
Interest income	131,000	-
Interest cost	(250,000)	(64,000)
Total	(1,237,000)	(734,000)

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	9,405,000	5,018,000
Transferred in on existing academies joining the trust	1,380,000	3,587,000
Current service cost	1,118,000	670,000
Interest cost	250,000	64,000
Employee contributions	145,000	66,000
Actuarial gains	(1,067,000)	-
Benefits paid	(50,000)	-
Closing defined benefit obligation	11,181,000	9,405,000

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23. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy Trust's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	4,837,000	2,421,000
Transferred in on existing academies joining the trust	659,000	1,358,000
Interest income	131,000	-
Actuarial gains	217,000	604,000
Employer contributions	554,000	388,000
Employee contributions	145,000	66,000
Benefits paid	(50,000)	-
	<u>6,493,000</u>	<u>4,837,000</u>
Closing fair value of scheme assets	<u>6,493,000</u>	<u>4,837,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	30,525	9,079
Between 1 and 5 years	56,879	9,984
Total	<u>87,404</u>	<u>19,063</u>

25. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the Trust in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the period the Academy Trust was charged £100,729 (2017: £185,021) by Saled Limited, a subsidiary of the Salisbury Diocesan Board of Education, for staff costs and a range of other services including room hire and training. At the year end a balance of £Nil (2017: £12,919) was due to Saled Limited.

During the period the Academy Trust was charged £12,784 (2017: £Nil) by SDBF Building Consultancy Limited, a subsidiary company of the Salisbury Diocesan Board of Finance, for the cost of support provided in relation to construction projects at various academies within the Trust.

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

27. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

On 1 August 2018 the following two schools converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Salisbury Academy Trust from Dorset Council (Milldown Primary School) and Wiltshire County Council (Wilton and Barford Primary School) for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account.

The following tables set out the fair value of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities Incorporating Income and Expenditure Account.

Milldown Primary School

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Assets			
Debtors due within one year	259	-	259
Cash in bank and in hand	12,572	-	12,572
Pensions			
Pensions - pension scheme assets	434,000	-	434,000
Pensions - pension scheme liabilities	(1,024,000)	-	(1,024,000)
Net liabilities	<u>(577,169)</u>	<u>-</u>	<u>(577,169)</u>

Wilton and Barford Primary School

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Assets			
Debtors due within one year	22,713	-	22,713
Cash in bank and in hand	174,875	-	174,875
Liabilities			
Creditors due within one year	(77,902)	-	(77,902)
Pensions			
Pensions - pension scheme assets	225,000	-	225,000
Pensions - pension scheme liabilities	(356,000)	-	(356,000)
Net liabilities	<u>(11,314)</u>	<u>-</u>	<u>(11,314)</u>

DIOCESE OF SALISBURY ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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28. PRIOR YEAR ADJUSTMENT

In the prior year accounts, following a change in the guidance contained in the previous Academies Accounts Direction, the Trustees assessed that the terms of the Church Supplemental Agreements between the Trust and the Salisbury Diocesan Board of Education pertaining to land and buildings occupied by the Trust are such that the Trust does not have control over these assets. The land and buildings donated on conversion were therefore de-recognised from the date of conversion and removed from the Academy's financial statements.

In the current year the Trustees have determined that additions since conversion should be expensed to the Statement of Financial Activities as donations to diocesan property as opposed to being recognised as capital improvements (and subsequently depreciated). Therefore all assets previously capitalised in the financial statements relating to these land and buildings (and depreciation charged thereon) have been derecognised. The impact on the comparative period of this change is the expensing of £388,778 of building work and the reversal of depreciation charged of £62,585.

In addition, it was identified that ESFA grant income awarded to the Trust in 2016/17 relating to CIF projects and start up of grants of £521,035 was not correctly recognised in the previous years financial statements, and therefore a prior year adjustment to increase restricted funds to recognise this income has been posted to the accounts to ensure that the treatment of grant income is in line with the Academies Accounts Direction.

The impact of the above prior year adjustment on the funds of the Trust is as follows:

	As per prior year signed accounts	Restated amount	Impact on funds	As per prior year signed accounts	Restated amount	Impact on funds
	As at 31 August 2017 £	As at 31 August 2017 £	As at 31 August 2017 £	As at 1 September 2016 £	As at 1 September 2016 £	As at 1 September 2016 £
TANGIBLE FIXED ASSETS						
Tangible fixed assets cost	2,073,434	295,684	(1,777,750)	1,498,448	546,006	(952,442)
Tangible fixed assets accumulated depreciation	(137,069)	(36,017)	101,052	(57,429)	(95,896)	(38,467)
	1,936,365	259,667	(1,676,698)	1,441,019	450,110	(990,909)
STATEMENT OF FUNDS						
Fixed asset funds	1,936,365	176,380	(1,759,985)	1,441,019	101,852	(1,339,167)
Restricted funds	211,416	814,838	603,422	98,268	98,268	-
Pension reserve	(4,568,000)	(4,568,000)	-	(2,597,000)	(2,597,000)	-
Unrestricted funds	481,596	481,596	-	131,493	131,493	-
	(1,938,623)	(3,095,186)	(1,156,563)	(926,220)	(2,265,387)	(1,339,167)